

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 EURE-00 AID-05 CEA-01 CIAE-00

COME-00 EB-07 FRB-03 INR-07 IO-10 NEA-10 NSAE-00

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

SS-15 NSC-05 STR-04 AGR-05 PRS-01 PA-01 USIA-06 /111 W
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P R 231717Z MAY 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 7207

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

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PASS CEA, FRB, TREASURY

E.O.11652: N/A

TAGS: ECON, OECD

SUBJECT: OECD FORECASTS FOR STFC AND EPC MEETINGS

REFS: (A) USOECD 3914

(B) OECD DOCUMENT DES/N1/F(75)1

(C) CPE/WP3(75)8

1. SUMMARY. MISSION HAS OBTAINED ADVANCE COPY OF OECD
FORECASTS OF REAL GNP, CONSUMER PRICES AND CURRENT
ACCOUNT BALANCES, WHICH WILL SHORTLY BE RELEASED IN
DOCUMENTATION FOR SHORT-TERM FORECASTERS MEETING
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JUNE 9-10 AND ECONOMIC POLICY COMMITTEE MEETING

JUNE 16-17. SECRETARIAT'S LATEST FORECASTS REVISE GNP REAL GROWTH RATES DOWNWARD FOR ALL COUNTRIES EXCEPT U.S., AND REVISE INFLATION RATES DOWNWARD FOR ALL COUNTRIES EXCEPT U.K. CURRENT DEFICITS ARE REDUCED FOR ALL COUNTRIES EXCEPT CANADA (WITH GERMAN SURPLUS ALSO LOWER). DOCUMENTS WILL BE HANDCARRIED THIS WEEKEND TO CLARK EUR/RPE FOR TRANSMITTAL TO STFC AND EPC PARTICIPANTS. END SUMMARY.

2. REAL GNP GROWTH: IN EVERY MAJOR COUNTRY EXCEPT U.S., SECRETARIAT NOW EXPECTS LOWER GROWTH OF OUTPUT THAN FORESEEN IN FEBRUARY (REF A). TABLE 1 BELOW GIVES SECRETARIAT ESTIMATES AND FORECASTS OF REAL GNP GROWTH SEASONALLY ADJUSTED AT ANNUAL RATES.

TABLE 1:

GROWTH OF REAL GNP IN 7 MAJOR COUNTRIES
PERCENTAGE CHANGES FROM PREVIOUS PERIOD

	1974	1975	1974	1975	1976	
			II	I	II	I
CANADA	3.7	-1.4	-1.4	-3.2	3.0	4.2
U.S.	-2.1	-3.6	-3.7	-7.6	4.7	5.2
JAPAN	-1.8	-.5	3.2	-3.7	2.5	6.3
FRANCE(A)	3.9	1.9	2.5	1.2	2.8	3.7
GERMANY	.4	-.5	-1.7	-1.6	2.8	4.5
ITALY (A)	3.4	-2.2	-4.4	-2.0	-.8	.8
U.K. (A)	-.2	0.7	5.4	-0.4	-1.5	0.6

TOTAL

BIG 7 (B)	-.5	-1.8	-1.2	-4.5	3.2	4.6
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OTHER

OECD (B)	2.6	0.6	0.5	0.5	1.5	2.5
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TOTAL

OECD (B)	0	-1.4	-1.0	-3.8	3.0	4.3
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TOTAL

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EX-U.S.	1.4	0.1	0.8	-1.3	1.9	3.7
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(A) GDP

(B) 1973 WEIGHTS AND EXCHANGE RATES

3. CONSUMER PRICES AND GNP DEFLATORS: SECRETARIAT FORECASTS SHOW CONSIDERABLE DECLINE IN EXPECTED INFLATION RATES FOR ALL MAJOR COUNTRIES EXCEPT U.K. (CANADA

UNCHANGED). TABLE 2 BELOW GIVES SECRETARIAT ESTIMATES
AND FORECASTS FOR CONSUMER PRICES SEASONALLY ADJUSTED AT
ANNUAL RATES (GNP DEFLATORS FOR 1975 IN BRACKETS).

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P R 231717Z MAY 75

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TO SECSTATE WASH DC PRIORITY 7208

INFO AMEMBASSY BERN

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TABLE 2:

CONSUMER PRICES IN 7 MAJOR COUNTRIES (A)
PERCENTAGE CHANGES FROM PREVIOUS PERIOD

	1974	1975	1975	1974	1975	1976
(E)	II	I	II	I		

CANADA 10.5 11.8 (11.6) 13.7 11.9 10.0 8.2

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U.S. 11.4 8.1 (8.9) 11.8 7.7 5.6 5.8

JAPAN 24.4 9.7 (7.9) 17.6 6.9 7.9 10.0
(B)

FRANCE 13.7 11.3 (10.6) 14.5 11.2 8.7 9.8
(B) (C)

GERMANY 7.3 6.0 (7.7) 6.5 6.0 5.8 5.8

ITALY 19.1 17.9 (19.6) 25.7 17.2 12.4 11.1
(B) (C)

U.K. 14.6 22.7 (27.6) 15.8 25.4 24.4 17.7

TOTAL

BIG 7 13.6 9.9 (10.6) 13.3 9.5 8.0 8.0
(D)

(A) NATIONAL ACCOUNTS IMPLICIT PRICE DEFLATOR.

(B) NOT SEASONALLY ADJUSTED.

(C) CONSUMER PRICE INDEX.

(D) 1973 WEIGHTS AND EXCHANGE RATES.

(E) GNP DEFLATOR IN BRACKETS.

4. CURRENT ACCOUNT BALANCES: SECRETARIAT SEES CONSIDERABLE IMPROVEMENT IN CURRENT ACCOUNT POSITIONS OF ALL MAJOR COUNTRIES EXCEPT CANADA. FIGURES BELOW UPDATE TABLE 2 OF REF C WHICH WAS CIRCULATED ON APRIL 30 FOR WP-3 MEETING MAY 14-15. SECRETARIAT NOW SEES TOTAL OECD DEFICIT OF UNDER 20 BILLION, BUT ALL OF THIS AMOUNT WILL BE ACCOUNTED FOR BY CANADA (\$6 BILLION) AND SMALLER OECD COUNTRIES. BIG SIX COUNTRIES ARE EXPECTED TO SHOW APPROXIMATE BALANCE IN AGGREGATE ON CA, VERSUS \$19.5 BILLION DEFICIT IN 1974. HOWEVER, CONSIDERABLE VARIATION AMONG COUNTRIES CONTINUES TO EXIST, WITH U.K. AT \$6.5 BILLION DEFICIT AND GERMANY WITH \$9.0 BILLION SURPLUS. SECRETARIAT HAS REVISED U.S. FIGURES FROM \$2 BILLION DEFICIT FORESEEN IN FEBRUARY TO \$3.5 BILLION SURPLUS NOW. TABLE 3 BELOW GIVES SECRETARIAT ESTIMATES AND FORECASTS.

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SS-15 NSC-05 STR-04 AGR-05 PRS-01 PA-01 USIA-06 /111 W
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P R 231717Z MAY 75
FM USMISSION OECD PARIS
TO SECSTATE WASH DC PRIORITY 7209
INFO AMEMBASSY BERN
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TABLE 3:
CURRENT BALANCES
\$U.S. BILLION, SEASONALLY ADJUSTED

1974 1975 1974 1975 1976

II I II I

CANADA -1.9 -6 -1.6 -3 -3 -2.75
 U.S. -1.2 3.5 -1.8 3.5 0 -1.25
 JAPAN -4.5 0 -0.4 .5 -0.5 -0.5
 FRANCE -6.0 -2.75 -2.8 -1.25 -1.5 -1.5
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GERMANY 9.3 9 3.9 4.5 4.5 4
 ITALY -7.9 -3.5 -3.3 -1.5 -2 -1.25
 U.K. -9.1 -6.5 -4.5 -3 -3.5 -2.5
 AUST/NZ -3.9 -3.25 -2.2 -1.75 -1.5 -1.5

BELG/LUX 0.5 1.25 0.4 0.5 0.75 0.75
 NETHERLANDS 1.6 3 0.5 1.25 1.75 2

TOTAL
 BIG 7 -3.8 -4.25 -2.4 -2.5 -1.75 -1.75

OTHER
 OECD -5.6 -8 -2.8 -3.75 -4.25 -4.25

TOTAL

OECD -34.25 -19 -17.5 -7 -12 -11.5

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Draft Date: 23 MAY 1975
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